

**Illinois Department of Revenue  
Regulations**

<b>Title 86 Part 130 Section 130.215 Further Illustrations of Sales for Use or Consumption Versus Sales for Resale</b>
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**TITLE 86: REVENUE  
PART 130  
RETAILERS' OCCUPATION TAX**

**Section 130.215 Further Illustrations of Sales for Use or Consumption Versus Sales for Resale**

- a) A manufacturer of ice cream may require, in his occupation, machinery, freezers, fuel, ammonia and other equipment and supplies. Sales of such items to the manufacturer are sales for use or consumption. Such items do not physically enter into, nor, as ingredients or constituents, form a part of, the product sold by such ice cream manufacturer. Such items are purchased for use or consumption and not for resale within the meaning of the Retailers' Occupation Tax Act. Persons who engage in the business of making such sales incur Retailers' Occupation Tax liability. (However, for information regarding the Manufacturing Machinery and Equipment Exemption from sales tax, see 86 Ill. Adm. Code 130.330.) Sales of milk, cream, sugar, extracts and various other constituents are also made to, intended to, and do enter into and form a useful part of a commodity which thereafter becomes the subject of a sale for use or consumption.
  
- b) For example, a fast food seller purchases cooking oil to use in preparing foods such as french fries and chicken. 5% of the oil is absorbed into the food and ends up as an integral part of the food when finished. 95% of the oil does not become part of the cooked food and is discarded by the fast food seller after use. This being the case, the 5% of the oil that is absorbed and becomes an integral part of the food product is exempt from tax as a purchase for resale. The 95% of the oil that does not end up as an integral part of the finished product is taxable because it is used by the food seller. In this case, the food seller should give a blanket percentage-use Certificate of Resale to the supplier that states that 5% of its purchases of oil are exempt from tax as purchases for resale and 95% are taxable as purchases for use. The Certificate of Resale must meet all the requirements of 86 Ill. Adm. Code 130.1405 in addition to specifying the percentage of material that will be resold. The seller should charge tax only on the 95% of the oil used by the purchaser.

(Source: Amended at 24 Ill. Reg. 15104, effective October 2, 2000)